APA Group

Financial Result
Full year ended 30 June 2009

25 August 2009

APA Group

Result overview and strategic highlights

Mick McCormack
Managing Director and CEO

Record full year result

Strong underlying fundamentals

Underlying results [1]	2009	2008	Change
Operating cash flow [2]	**$ 233.6 million**	$ 192.1 million	up 22%
Operating cash flow [2] per security	**48.2 cps**	42.7 cps	up 13%
Full year distribution	**31.0 cps**	29.5 cps	up 5%
Distribution payout ratio	**65.6 %**	71.2 %	
Revenue excluding pass-through	**$ 687.4 million**	$ 614.9 million	up 12%
EBITDA	**$ 458.7 million**	$ 430.5 million	up 7%
Profit	**$ 110.1 million**	$ 82.2 million	up 34%

(1) Adjusted for significant items, and includes Envestra distributions and complementary asset finance leases.
(2) Operating cash flow = Net cash from operations after interest and tax payments, adjusted for significant items.

Cash flow funds distributions and business growth

Strategic and operational highlights

Strong balance sheet

- Completed the establishment of Energy Infrastructure Investments
  - Achieved book value
  - Additional avenue for investments
- Strong support for 2010 debt refinancing
  - Syndicated facility, USPP, Macquarie loan
  - S&P ‘BBB’ credit rating
- Avoided the unholy trinity of the GFC
  - No asset write-down
  - No dilutive capital raising to refinance debt
  - No reduction in distributions, instead increased distributions

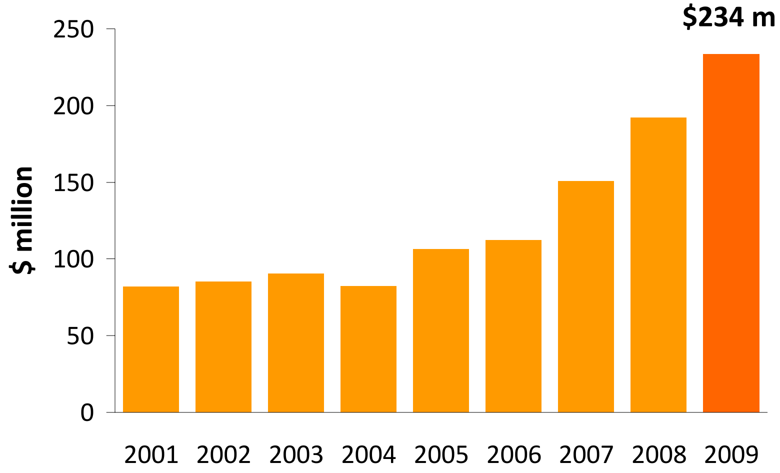
Strategic and operational highlights

Business growth

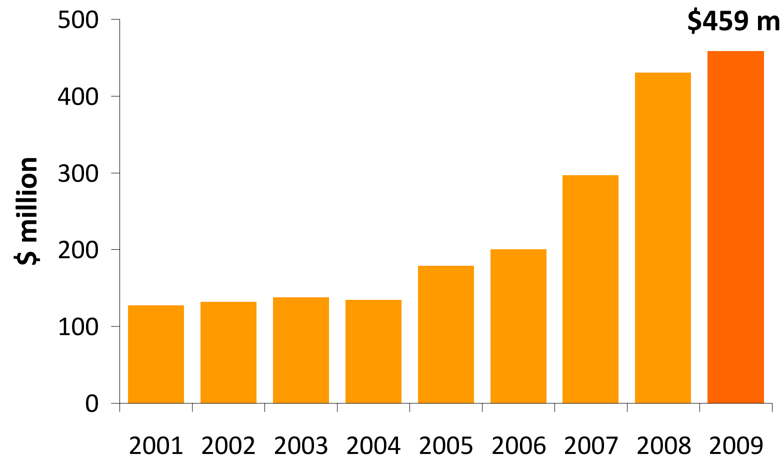
- Capacity expansion of gas transmission pipelines
  - Goldfields Gas Pipeline, Carpentaria Gas Pipeline, Moomba Sydney Pipeline
- Attractive investments
  - Central Ranges Pipeline – part of APA's New South Wales pipeline system
  - Increase in Envestra equity interest to over 30%
- Construction of the Bonaparte Gas Pipeline
  - Completed ahead of schedule and on budget

Consistent and predictable performance

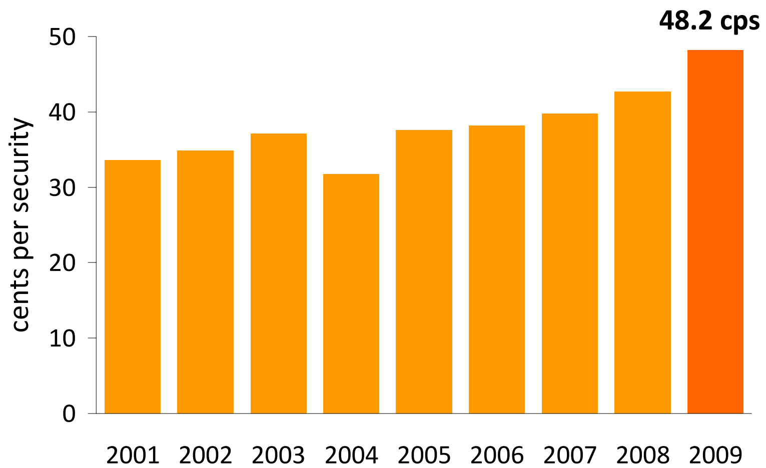
Underlying operating cash flow



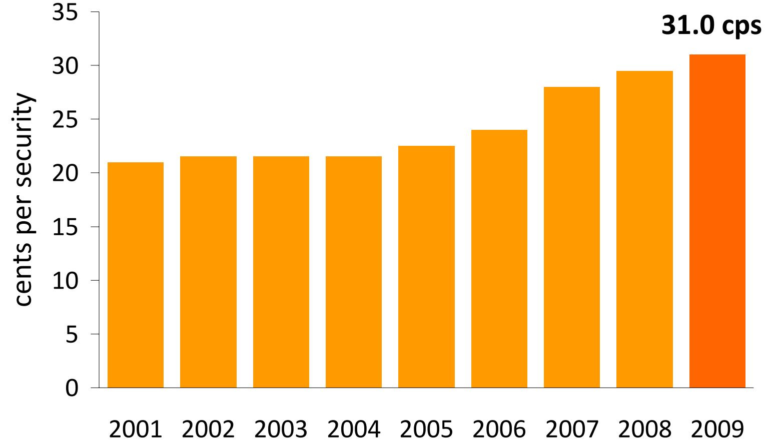
Underlying EBITDA



Operating cash flow per security



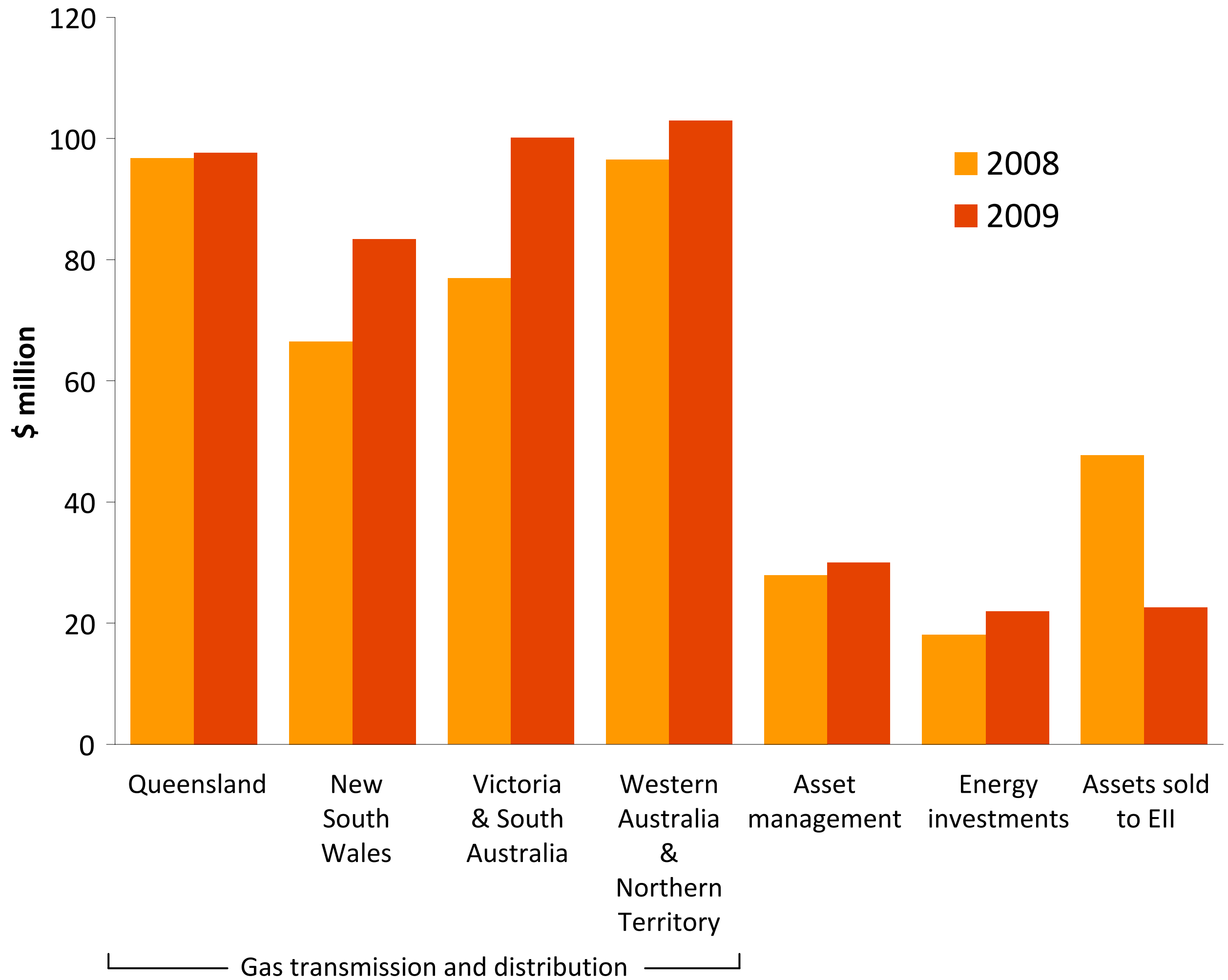
Distributions per security



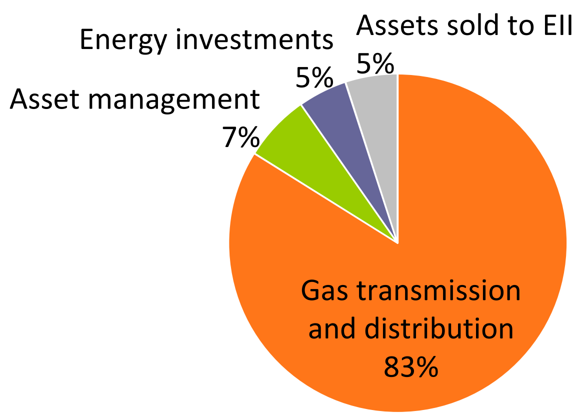
Creating value for APA securityholders

Strong segment performance

Strong EBITDA growth in gas transmission and distribution



EBITDA split by segment



EBITDA growth

- Gas transmission and distribution – up 14%
- Asset management – up 7%
- Energy investments – up 21%

APA Group

Financial performance

Peter Fredricson
Chief Financial Officer

Record full year result

Underlying result [1]	2009 [2] $ million	2008 [3] $ million	Change
Revenue	**958.8**	897.8	6.8%
Revenue excluding pass-through	**687.4**	614.9	11.8%
EBITDA	**458.7**	430.5	6.5%
EBIT	**359.1**	330.8	8.6%
Net interest expense	**(213.0)**	(223.8)	4.8%
Tax	**(35.9)**	(24.8)	(45.0)%
Underlying NPAT	**110.1**	82.2	34.0%
Reported NPAT	**78.8**	67.2	17.2%
Operating cash flow	**233.6**	192.1	21.6%
Operating cash flow per security (cents)	**48.2**	42.7	12.8%
Distribution per security (cents)	**31.0**	29.5	5.1%

(1) Underlying results before significant items and AIFRS adjustments

(2) Includes contributions from Central Ranges Pipeline (10 months) and assets sold to EII, including X41 Power Station (5.3 months)

(3) Includes contributions from Alinta O&M agreement (9 months), X41 Power Station (8 months)

Strong underlying cash flow supports distribution growth

Reconciling underlying result

Adjusting for AIFRS impacts and significant items

$ million	Reported result	Capital distributions[1]	Complementary assets[2]	Significant items	Underlying result
Revenue	944.4	10.4	4.0	-	**958.8**
EBITDA	444.4	10.4	4.0	-	**458.7**
NPAT	78.8	10.4	-	20.9	**110.1**
Operating cash flow	226.4	-	-	7.2	**233.6**

(1) Capital distributions – Envestra ($10.0 m) and EPX ($0.4 m)

(2) Complementary assets – reclassification of principal repayments ($4.0m)

Significant items

	$ million
2009	
Revaluation loss - GasNet hedges	(8.7)
Establishment of EII after transaction costs	(16.2)
Settlement of acquisition related liabilities	(1.5)
Envestra underwriting fee	1.6
DUOS revenue accrual	3.8
Net income tax effect	-
Total after tax cost	**(21.0)**
2008	
Revaluation loss - GasNet hedges	(0.3)
Acquisition integration costs	(4.4)
Unsuccessful acquisition due diligence costs	(1.3)
Net income tax effect	1.8
Total after tax cost	**(4.2)**

Segment performance

EBITDA growth across business segments

	2009 $ million	2008 $ million	Change
Gas transmission and distribution			
Queensland	***97.7***	*96.8*	*1%*
New South Wales	***83.4***	*66.5*	*25%*
Victoria	***98.4***	*75.2*	*31%*
South Australia	***1.7***	*1.7*	*-*
Western Australia [(1)]	***100.0***	*93.5*	*7%*
Northern Territory	***3.0***	*3.0*	*-*
Gas transmission and distribution - total	**384.2**	336.7	14%
Asset management	**30.0**	27.9	7%
Energy investments	**22.0**	18.1	21%
Assets sold to EII [(2)]	**22.5**	47.8	(53)%
Total underlying EBITDA	**458.7**	430.5	7%

(1) Excludes Telfer/Nifty Gas Pipeline
(2) Assets includes electricity transmission, complementary assets and Telfer/Nifty Gas Pipeline

Strong cash flow generation

Operating cash flow funds distributions and business growth

	2009 $ million	2008 $ million	Change
Underlying operating cash flow (OCF)	**233.6**	192.1	21.6%
Distributions (net of DRP) [1]	**95.1**	82.0	
Available operating cash flow	**138.5**	110.1	25.8%
Underlying OCF per security (cents)	**48.2**	42.7	12.8%
Distributions per security (cents)	**31.0**	29.5	5.1%
Distribution payout ratio	**65.6%**	71.2%	
Capital expenditure	**301.7**	193.8	
Investments:			
Envestra	**73.3**	25.9	
Energy Infrastructure Investments	**22.8**	-	
Acquisitions:			
Origin Energy Network Assets	**-**	421.4	
Alinta O&M agreement	**-**	206.2	
Central Ranges Pipeline	**23.5**	-	

(1) APA distributions changed from quarterly to semi-annually in FY08. Distributions paid in 1H08 were for the 3 months ending 30 June 2007

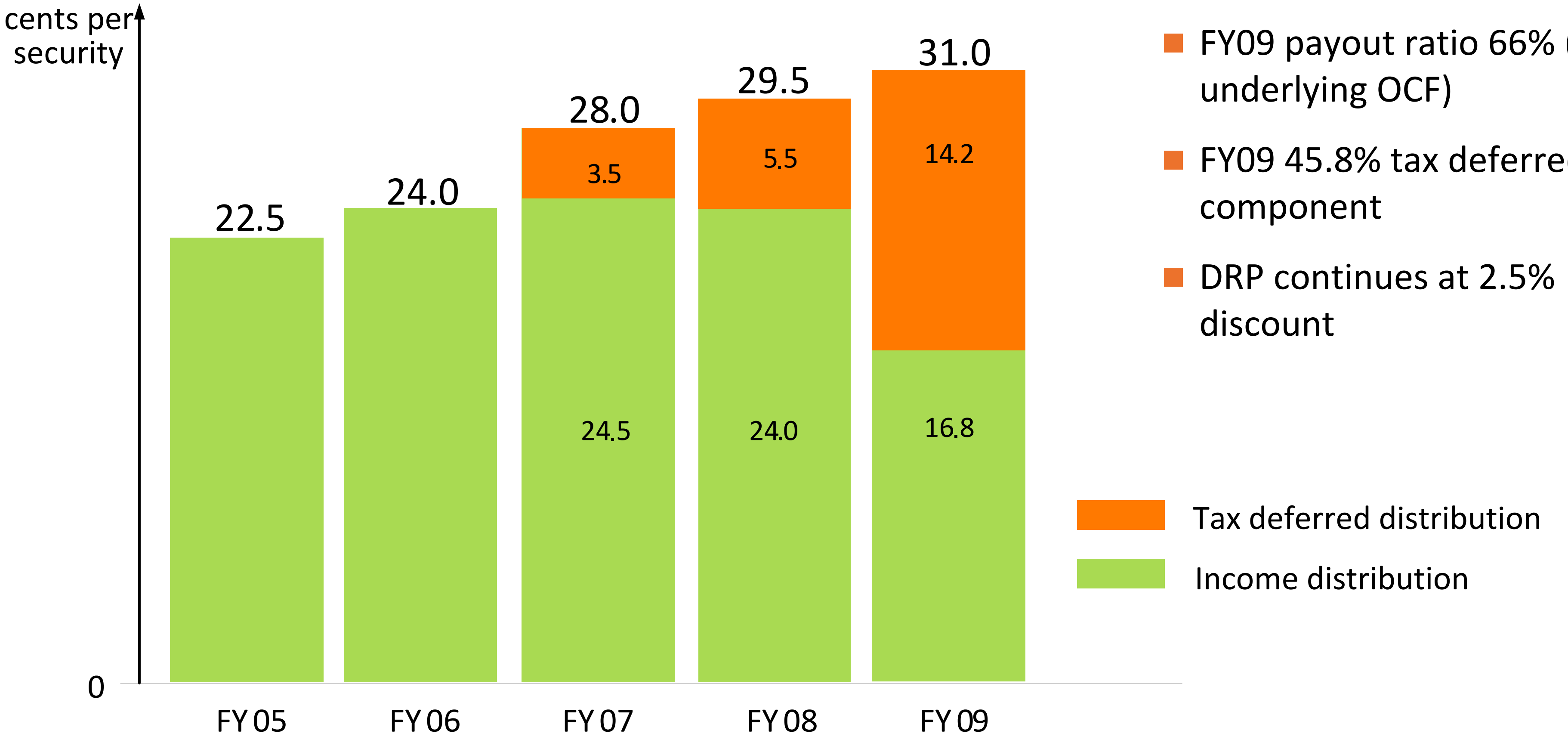
Major capital expenditure

Low level ‘stay in business’ capex

	2009 $ million	2008 $ million	
Regulated			
Victoria Transmission System	**21.3**	79.1	Includes Brooklyn Lara Pipeline
APA Gas Networks (Qld)	**18.8**	15.9	Includes southern network expansion
	40.1	95.0	
Major Projects			
Queensland expansion	**28.8**	4.1	Davenport Downs compressor station
New South Wales expansion	**40.3**	12.4	Moomba Sydney Pipeline expansion; Culcairn compressor station
Western Australia expansion	**53.8**	13.1	Ned's Creek, Wyloo West compressor stations; Gwalia lateral; Mondarra
Northern Territory	**122.3**	36.1	Bonaparte Gas Pipeline; Wickham Point Pipeline
Complementary assets	**-**	21.1	Tipton West, Daandine PS and X41 PS
	245.2	86.8	
Stay in business capex	**16.4**	12.0	
Total	**301.7**	193.8	

Growing distributions

Achieved 5% growth guidance for 2009 full year distribution



- FY09 payout ratio 66% (on underlying OCF)
- FY09 45.8% tax deferred component
- DRP continues at 2.5% discount

	FY 05	FY 06	FY 07	FY 08	FY 09
Payout ratio Based on underlying OCF	60%	65%	72%	71%	66%

Prudent capital management

Strong balance sheet

- Cash and committed undrawn facilities of $324 million at 30 June 2009
  - $1,365 million committed and drawn facilities since 30 June 2009
- FY2009 metrics
  - Improved gearing(1) of 70.3%, reduced from 72.0% at 30 June 2008
  - Interest Cover Ratio of 2.13x, increased from 1.86x in 2008
  - Interest rates fixed or hedged 79.9% at 1 July 2009
  - Portfolio average interest rate of 6.81% for the year
- Equity raising totalled $79 million
  - Security Purchase Plan ($30.4m); Distribution Reinvestment Plan ($48.7m)
  - Maintaining Distribution Reinvestment Plan and Security Purchase Plan – funding growth capex
  - 498.7 million securities on issue (weighted average 485.1 million)

(1) Gearing ratio determined in accordance with the syndicated loan facilities.

Prudent capital management

Secure long-term debt portfolio supporting business growth

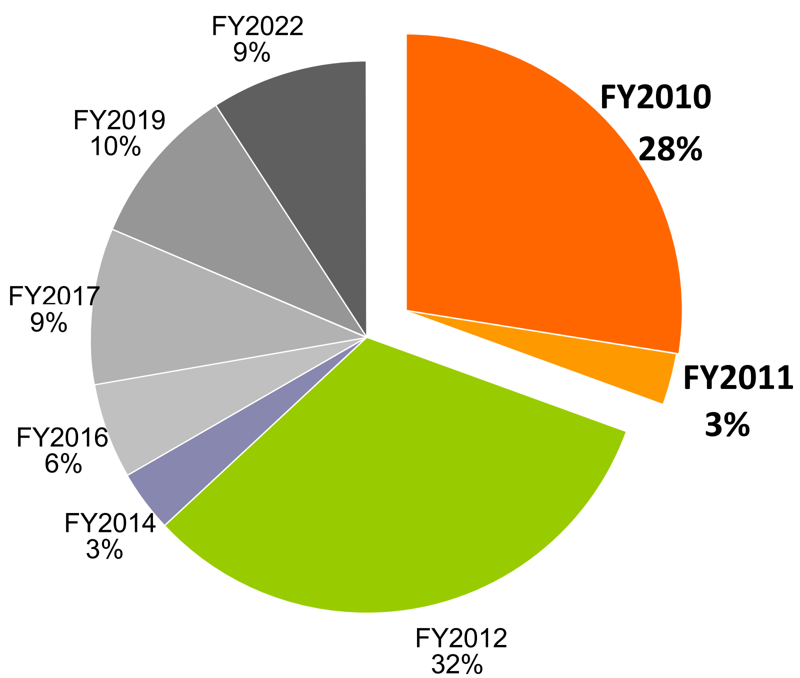
- Credit rating – S&P ‘BBB’ stable outlook
  - provides funding flexibility - access diverse markets and broader range of financing options
- Repaid $150 million and $300 million Medium Term Notes in August 2008 and March 2009 respectively
  - Using funds received from Energy Infrastructure Investments transaction
- Refinancing strongly supported
  - Bilateral facility $165 million in July 2008 – 3 year
  - USPP A$185m in July 2009 – 7 and 10 year
  - Macquarie loan $150m in August 2009 – 5 year
  - New syndicated facility $1,030m in August 2009 (commitments) – 2 and 4 year
- Track record of prudent debt portfolio management
  - Refinancing obligations are spread over 13 years

Prudent capital management

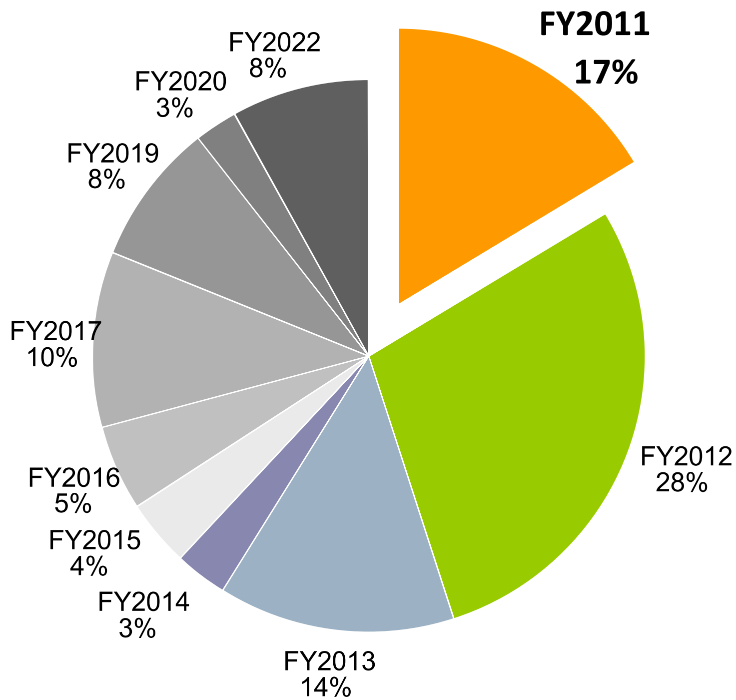
Balance sheet strategy

- Diversifying source of funds
- Extending term of debt facilities in line with long term nature of APA assets

Debt maturity as at 30 June 2009



Debt maturity post refinancing



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Operational performance and outlook

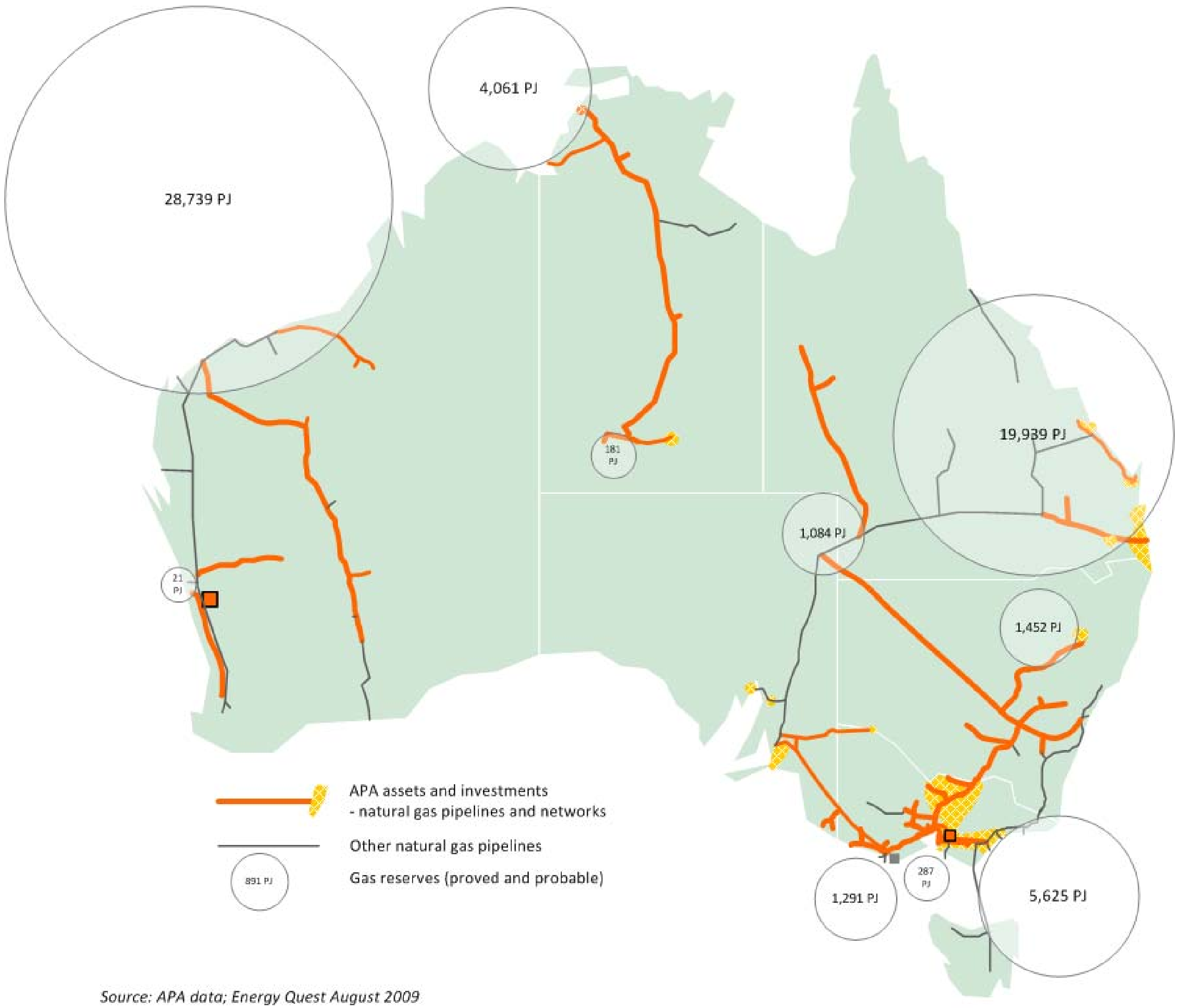
Mick McCormack
Managing Director and CEO

APA strategy firm

Maximise value for securityholders

- Focusing on gas infrastructure assets in Australia’s growing gas market and enhancing APA’s portfolio of assets
- Capturing revenue and operational synergies from APA’s significant asset base
- Pursuing opportunities that leverage APA’s knowledge and skills base
- Maintaining a strong balance sheet

High quality gas infrastructure portfolio



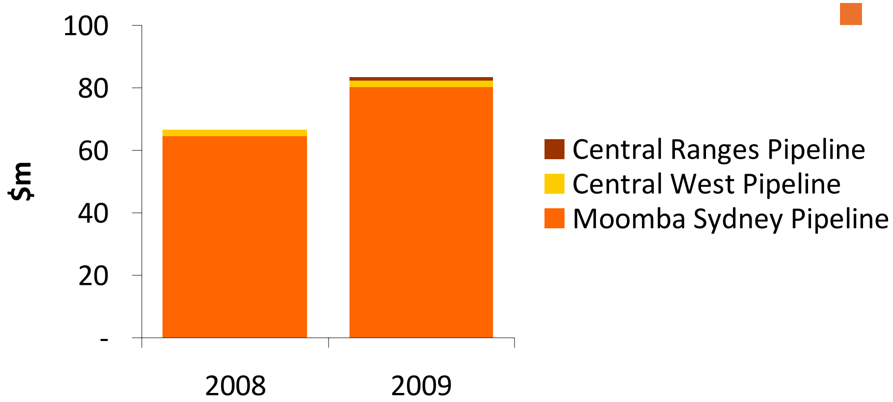
Source: APA data; Energy Quest August 2009

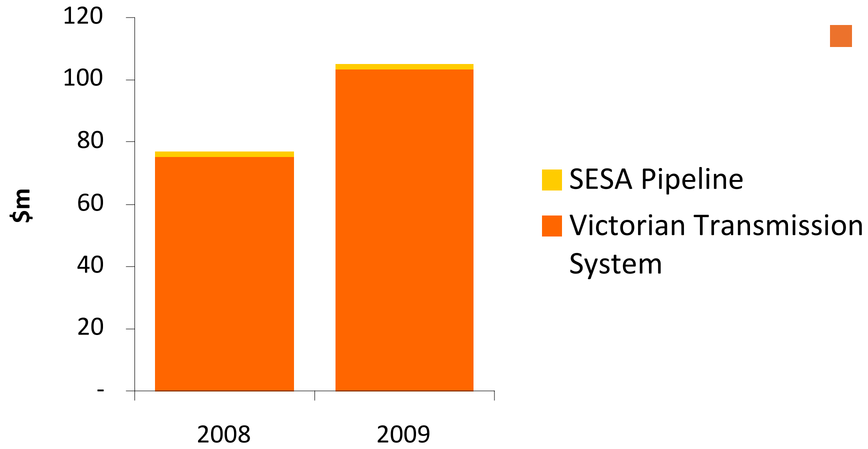
- Australia has an abundance of natural gas reserves
  - 60,300 PJ of 2P reserves, with half (29,700 PJ) in eastern Australia
- Increasing demand for natural gas
  - particularly gas fired power generation
- APA delivers gas from all major gas production sources to all major gas markets
  - More than 50% of natural gas used in Australia is transported through APA's pipelines
- APA infrastructure is crucial to Australia's eastern states
  - APA transports more than 70% of natural gas in Australia's eastern states
- Progressing new links for gas between east Australian states

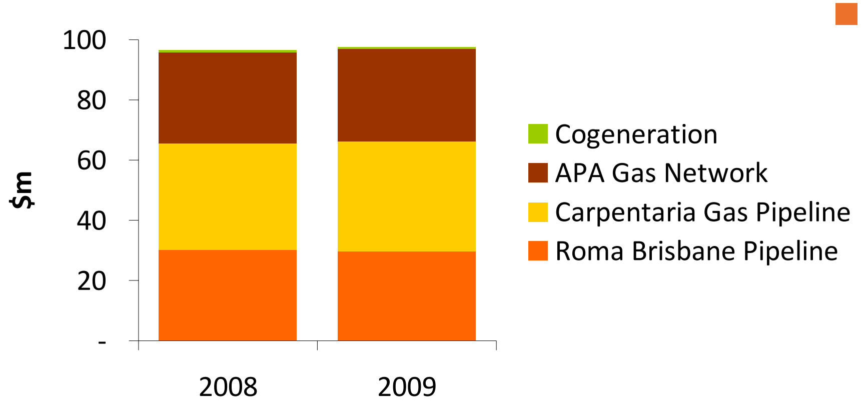
APA's unrivalled national portfolio connects all major gas sources to major markets

Gas transmission and distribution - East

EBITDA

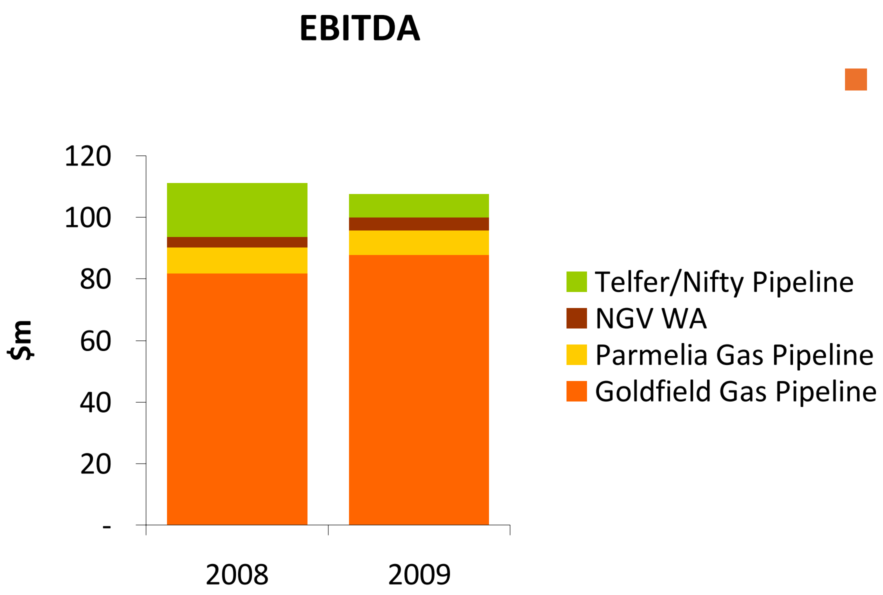


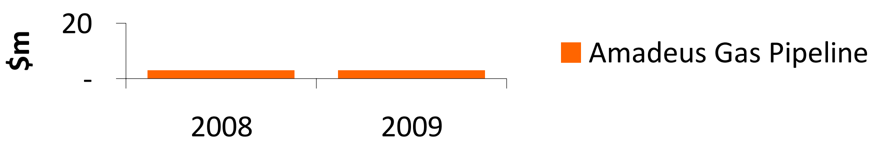




- New South Wales
  - Expansion of winter capacity first year on Moomba Sydney Pipeline
  - Revised tariff arrangements for transportation and storage services
  - Full year operation at Origin Energy's Uranquinty power station
  - Central Ranges Pipeline and HoA with Eastern Star Gas
  - Gas supply at Moomba - proposed expansion of SWQP and QSN
- Victoria and South Australia
  - First full year of tariffs under 2008 access arrangement for Victorian Transmission System
  - Expansion of peak capacity with completion of the Brooklyn Lara Pipeline
  - Increased flow through the NSW Victoria interconnect
  - System expansion for gas delivery between Victoria and NSW
- Queensland
  - Completion of the Davenport Downs compressor station, increasing Carpentaria Gas Pipeline capacity by 15%
  - Roma Brisbane Pipeline at full capacity
  - Expansion of APA Gas Network into south Brisbane/Gold Coast housing developments

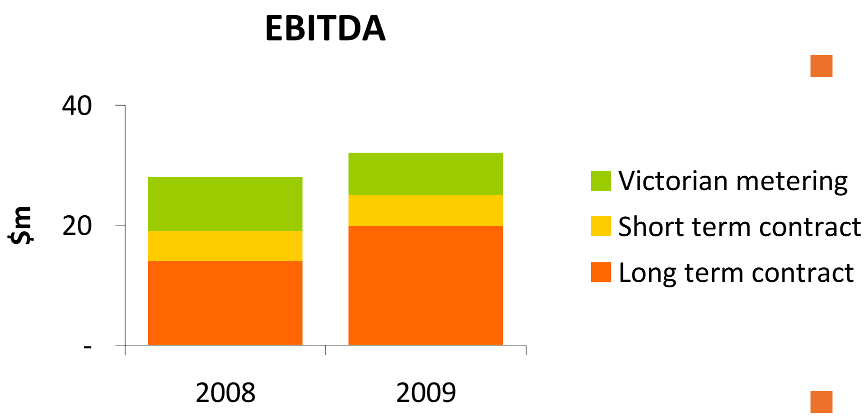
Gas transmission and distribution – West

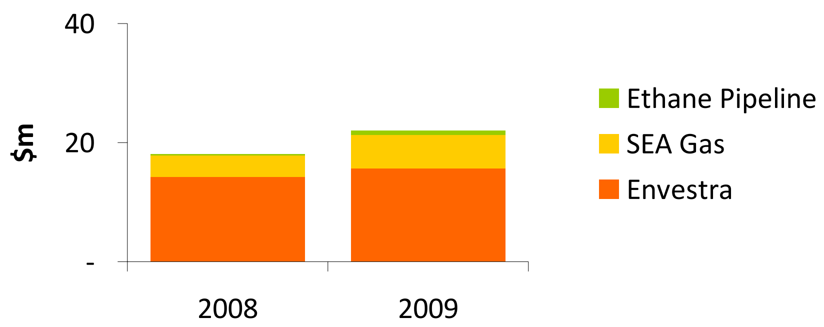




- Western Australia
  - Completion of two compressor stations on Goldfields Gas Pipeline, increasing capacity by 20%
  - New contracts and increased throughput on the Goldfield Gas Pipeline, offset by one mine closure
  - Limited impact from Varanus Island shutdown
  - Submitted revised access arrangement on the GGP (for ~70% capacity) – new Access Arrangement commencing 1 January 2010
  - Increased throughput on Parmelia Gas Pipeline
  - Sale of Telfer/Nifty Pipeline to Energy Infrastructure Investments
- Northern Territory
  - Completion of Bonaparte Gas Pipeline, on budget and ahead of schedule
  - Construction of the Wickham Point Pipeline
  - Sale of Bonaparte and Wickham Point pipeline to Energy Infrastructure Investments

Asset management and energy investments





- Asset management
  - Provision of asset management and operational services to APA's energy investments, under long term contracts
  - Seamless transition of asset management and operational services to Energy Infrastructure Investments
- Energy investments
  - Envestra – increased equity interest to 30.4% through participation in and partial underwriting of Envestra's rights issue
  - Creation of Energy Infrastructure Investments – 19.9% equity interest

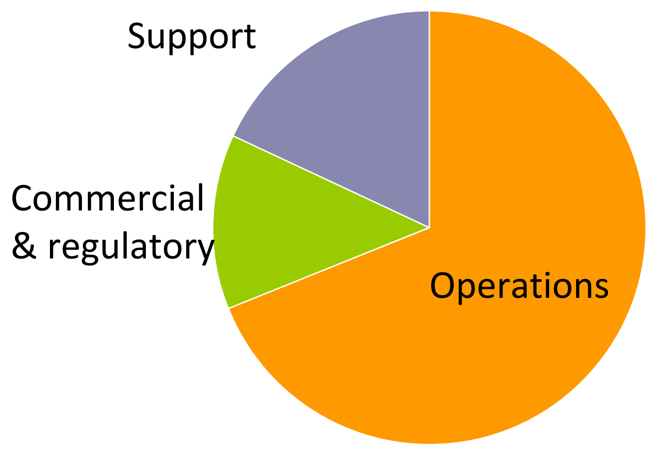
APA operates over $8 billion of energy infrastructure assets

Unique internally operated business

People and safety

- Fully operating business for two years with 1,100 operating, commercial and support personnel
- APA personnel operating from 57 locations across the country
- Extensive in-house skills and experience – e.g. engineering, technical, regulatory, commercial
- Safety remains a company wide priority

APA personnel by function



Generating business improvement

- Continued focus on improving operating efficiency
- Capturing synergy benefits and developing opportunities
- Benefits reflected in operating and financial performance

APA's internal capabilities are a unique and valuable resource

Development and growth opportunities

- Gas transmission and distribution - East
  - Northern expansion on the Victorian Transmission System
  - Increase Moomba Sydney Pipeline winter capacity in line with contracts
  - Installation of automated multi-directional hub at Young, providing flow and storage flexibility
  - Increased capacity for gas fired power generation in line with commercial commitments
  - Focus on ensuring coal seam gas is efficiently delivered to southern markets (via Moomba or other alternative routes)
  - Expansion to new housing developments on APA's Gas Network
  - Increased capacity on Roma Brisbane Pipeline in line with commercial commitments
  - Progressing opportunities evolving from Queensland's CSG/LNG projects – pipeline and storage
- Gas transmission and distribution - West
  - Expansion of Mondarra gas storage facility
- Energy investments
  - Providing the capability to invest in and operate energy related projects and assets

APA's portfolio provides strategic growth opportunities

Guidance and priorities for FY2010

Guidance

- Distribution guidance – at least 5% growth in 2010

Priorities

- Developing growth opportunities in APA's asset portfolio that support investment grade rating
- Continue capital management discipline
- Improving business operations

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Questions

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Supplementary information

APA profile

- APA is Australia's largest natural gas infrastructure business
  - **Gas transmission and distribution**: gas pipelines, interconnected gas storage facilities across Australia, and gas distribution networks in Queensland and New South Wales
  - **Asset Management**: provides asset management, operating and maintenance services
  - **Energy Investments**: minority interests in energy infrastructure investments, including Envestra, SEA Gas Pipeline, Energy Infrastructure Investments and Ethane Pipeline Income Fund
- APA generates secure cash flows from contractual and regulatory arrangements on its assets
  - with more than 90% of revenue from regulated (natural monopoly) assets and long term contracts
- APA has direct management and operational control over its assets and investments
  - no fee leakage or conflicts that arise with external management model
  - employing over 1,100 skilled and experienced people who perform all commercial, engineering and operations functions for APA assets and investments

APA delivers more than half of Australia's domestic gas usage

Financials

Key financial ratios

	2009	2008	Comments
Underlying operating cash flow (cps)	**48.2**	42.7	
Weighted average securities on issue (m)	**485.1**	450.3	
Payout ratio	**65.6%**	71.2%	
Earning per security (cps)			
underlying	**22.7**	18.3	
reported	**16.2**	14.9	
Interest cover ratio (times)	**2.13**	1.86	
Gearing ratio	**70.3%**	72.0%	
Total assets ($m)	**4,747**	5,097	Sale of assets to EII
Net assets ($m)	**1,278**	1,250	
Net tangible asset backing per security ($)	**1.18**	1.24	Increase in securities on issue

Financials

Revenue analysis by business segment

	2009 $ million	2008 $ million	Change
Revenue			
Gas transmission and distribution			
Queensland	***144.3***	*137.4*	*5%*
New South Wales	***107.9***	*82.1*	*31%*
Victoria	***126.4***	*102.0*	*24%*
South Australia	***1.9***	*1.9*	*3%*
Western Australia (1)	***139.0***	*127.9*	*9%*
Northern Territory	***17.4***	*18.4*	*(6)%*
Gas transmission and distribution - total	**536.9**	469.7	14%
Asset management	**69.7**	52.0	34%
Energy investments	**22.1**	18.1	22%
Assets sold to EII (2)	**35.3**	61.8	(43)%
Total	**664.0**	601.6	10%
Pass-through revenue			
Northern Territory	***87.6***	*95.9*	*(9)%*
Asset management	***183.8***	*186.9*	*(2)%*
Total pass-through	**271.4**	282.8	(4)%
Unallocated revenue	**23.4**	13.3	75%
Total underlying revenue	**958.8**	897.8	7%

(1) Excludes Telfer/Nifty Gas Pipeline
(2) Assets includes electricity transmission, complementary assets and Telfer/Nifty Gas Pipeline

Financials

Total committed debt facilities

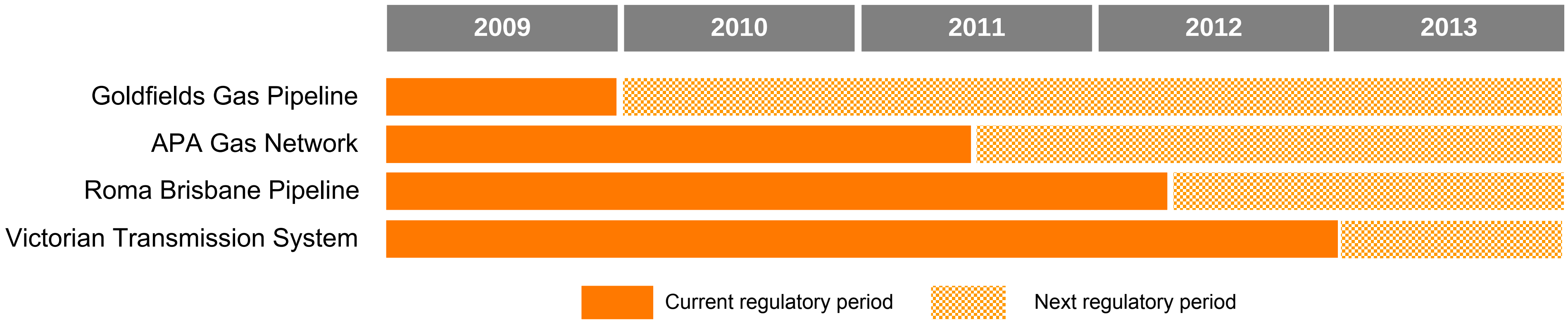
Facility	Facility amount	Tenor
As at 30 June 2009		
2008 Bilateral borrowings (1)	$165 million	July 2011
2003 US private placement	$496 million	7, 10, 12 and 15 year tranches maturing Sept 2010, 2013, 2015 and 2018
2007 Syndicated facility	$900 million	June 2010
2007 Syndicated facility (2)	$900 million	June 2012
2007 US private placement	$811 million	10, 12 and 15 year tranches maturing May 2017, 2019 and 2022
Additional facilities post 30 June 2009		
2009 US private placement	$185 million	7 and 10 year tranches maturing July 2016 and 2019
2009 Bilateral borrowing	$150 million	August 2014
2009 Syndicated facility (3)	$1,030 million	2 and 4 year tranches maturing July 2011 and 2013

(1) Comprises of three facilities, all of which are undrawn
(2) Amount drawn at 30 June 2009 was $850 million
(3) Commitments of $1,030 million have been received. Facility amount to be determined prior to execution of facility documentation, expected near the end of August 2009. Facility amount will be apportioned equally across the two tranches.

Regulatory update

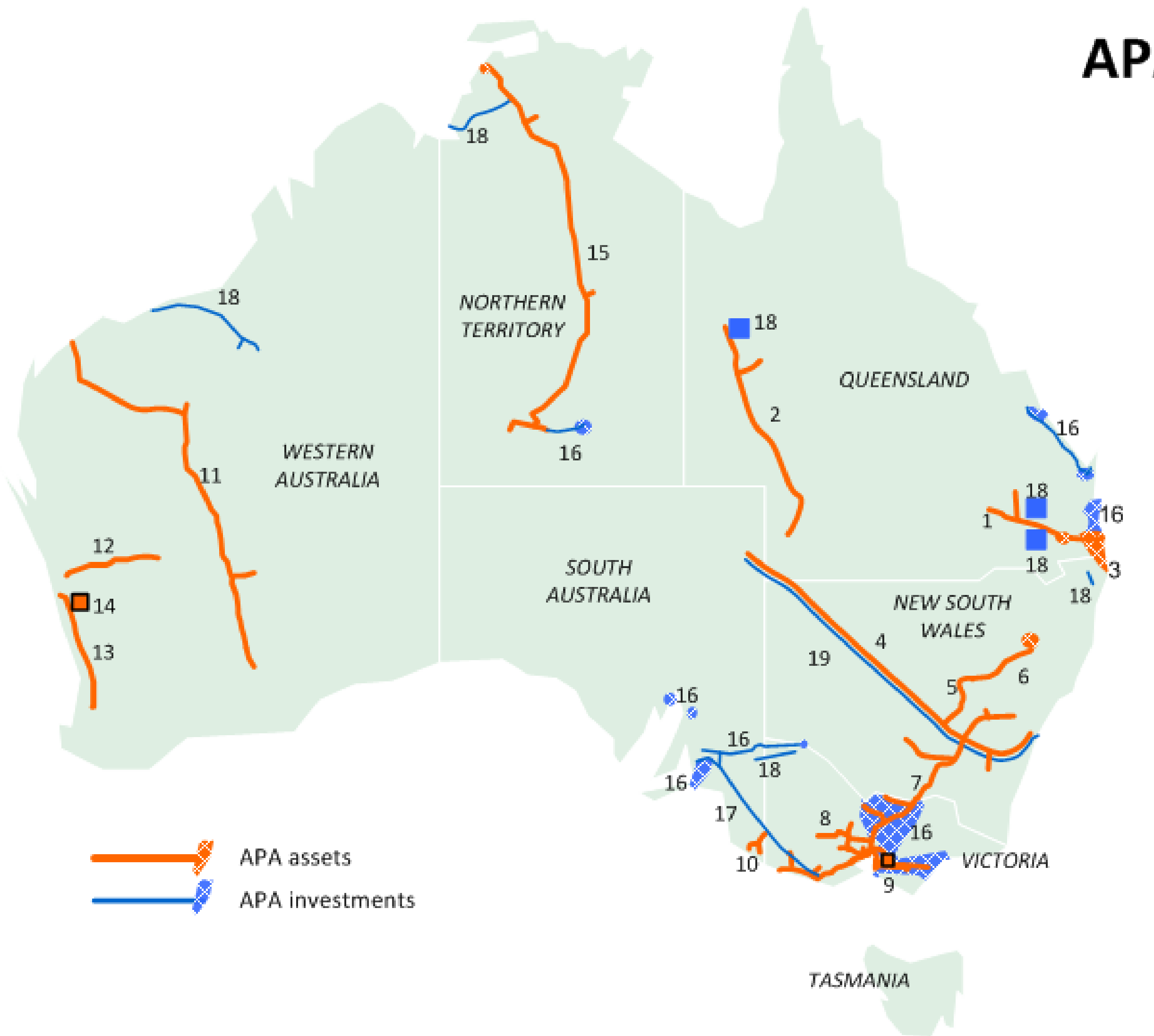
APA's major price regulated assets

Regulatory resets over the next five years



- Regulatory resets are spread out over five years, with on average one reset per year
  - Next major asset reset is 1 January 2010 – Goldfields Gas Pipeline
- The Carpentaria Gas Pipeline and Moomba Sydney Pipeline are now both Light Regulation pipelines.

APA's gas infrastructure business



APA Group assets and investments

Gas transmission and distribution

Queensland
(1) Roma Brisbane Pipeline
(2) Carpentaria Gas Pipeline
(3) APA Gas Network

New South Wales
(4) Moomba Sydney Pipeline
(5) Central West Pipeline
(6) Central Ranges Pipeline
(7) NSW interconnect with Victoria

Victoria
(8) Victorian Transmission System
(9) Dandenong LNG facility

South Australia
(10) SESA Pipeline

Western Australia
(11) Goldfields Gas Pipeline (88.2%)
(12) Mid West Pipeline (50%)
(13) Parmelia Pipeline
(14) Mondarra Gas Storage

Northern Territory
(15) Amadeus Gas Pipeline (96%)

Asset Management

Commercial and operational services to:
- Energy Infrastructure Investments
- Envestra Limited
- Ethane Pipeline Income Fund

Operational services to:
- SEA Gas Pipeline
- other third parties

Energy investments

(16) Envestra Limited (30.4%)
Gas distribution networks and pipelines (SA, Vic, Qld, NSW & NT)

(17) SEA Gas Pipeline (33.3%)

(18) Energy Infrastructure Investments (19.9%)
Annuity gas pipelines, electricity transmission, small gas-fired power stations and gas processing plants

(19) Ethane Pipeline Income Fund (6%)

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